GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4901
ANSWERED ON:16.12.2016
Pressure on Banks
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Will the Minister of FINANCE be pleased to state:

a) whether the Reserve Bank of India (RBI) eased the pressure on banks by reducing the list of companies whose loans have to be provided for against the risk of default and if so, the details thereof;
b) whether about 20 selected loan accounts have been kept aside implying that banks don't have to provide outstanding loans for these accounts under the asset quality review exercise initiated by the RBI in December, 2015; and
c) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) Reserve Bank of India (RBI) under the Asset Quality Review (AQR), carried out with reference to the position as on March 31, 2015 advised banks to recognize impairment and make additional provisions for specific accounts based on extant Income Recognition and Asset Classification (IRAC) Norms.
(b) and (c): RBI has informed that as part of AQR, certain accounts were identified, where restructuring was deemed to have failed due to performance issues within the specified period/non-fulfilment of restructuring conditions. In order to permit some more time to determine performance or to fulfill the conditions of restructuring, banks have been permitted to treat these accounts as 'Standard' accounts, although prudential provisioning in a progressive manner is to be made for the same before March 31, 2017. As on that date, these accounts will be subject to strict asset classification and provisioning as per IRAC norms. The individual borrower wise credit information is not disclosed under Section 45E of RBI Act.

Accounts identified as NPA in some banks may be performing in other banks. Also, standard accounts or accounts identified as NPA with different asset classifications in 2015 might have undergone changes with the passage of time because of the dynamic operations of the entities or actual record of recoveries.
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